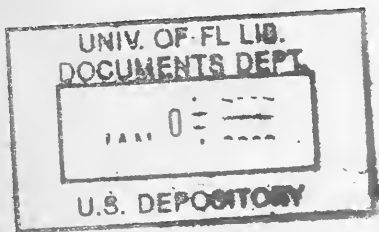


NATIONAL RECOVERY ADMINISTRATION

**AMENDMENT TO
CODE OF FAIR COMPETITION
FOR THE
INDUSTRIAL SUPPLIES AND
MACHINERY DISTRIBUTORS TRADE**

AS APPROVED ON OCTOBER 2, 1934



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Approved Code No. 61—Amendment No. 1

**AMENDMENT TO CODE OF FAIR COMPETITION
FOR THE
INDUSTRIAL SUPPLIES AND MACHINERY
DISTRIBUTORS' TRADE**

As Approved on October 2, 1934

ORDER

**APPROVING AMENDMENT TO CODE OF FAIR COMPETITION FOR THE
INDUSTRIAL SUPPLIES AND MACHINERY DISTRIBUTORS' TRADE**

An application having been duly made pursuant to and in full compliance with the provisions of Title I of the National Industrial Recovery Act, approved June 16, 1933, for approval of amendments to a Code of Fair Competition for the Industrial Supplies and Machinery Distributors' Trade, and hearings having been duly held thereon, and the annexed report on said amendments containing findings with respect thereto, having been made and directed to the President;

NOW, THEREFORE, on behalf of the President of the United States, the National Industrial Recovery Board, pursuant to authority vested in it by Executive Orders of the President, including Executive Order 6859, dated September 27, 1934, and otherwise, does hereby incorporate by reference, said annexed report and does find that said amendments and the Code as constituted after being amended comply in all respects with the pertinent provisions and will promote the policy and purposes of said Title of said Act, and does hereby order that said amendments be and they are hereby approved, and that the previous approval of said Code is hereby amended to include an approval of said Code in its entirety as amended, such approval and such amendments to take effect ten (10) days from the date hereof, unless good cause to the contrary is shown to the National Industrial Recovery Board before that time and a subsequent order to that effect is issued.

NATIONAL INDUSTRIAL RECOVERY BOARD,
By G. A. LYNCH, *Administrative Officer*.

Approval recommended:

ROBERT L. HOUSTON,
Division Administrator.

WASHINGTON, D. C.,
October 2, 1934.

REPORT TO THE PRESIDENT

The PRESIDENT,
The White House.

SIR: Under the Code of Fair Competition for the Industrial Supplies and Machinery Distributors' Trade, as approved on October 23, 1933, the Code Authority for said Trade has submitted the Amendments which are included and attached.

This is a report on the Hearing on the foregoing Amendments, conducted at the Carlton Hotel in Washington, D. C., on June 15, 1934, in accordance with the regulations of the National Recovery Administration.

These Amendments are considered as of vital importance to this Trade which is making an earnest effort to curtail and prevent certain industrial practices and abuses which have become apparent during the past few years and which if allowed to continue will tend to prevent a rapid return of industrial recovery in this Trade.

FINDINGS

The Deputy Administrator in his final report to us on said Amendments to said Code having found as herein set forth and on the basis of all the proceedings in this matter;

We find that:

(a) The Amendments to said Code and the Code as amended are well designed to promote the policies and purposes of Title I of the National Industrial Recovery Act, including the removal of obstructions to the free flow of interstate and foreign commerce which tend to diminish the amount thereof, and will provide for the general welfare by promoting the organization of industry for the purpose of cooperative action of labor and management under adequate governmental sanction and supervision, by eliminating unfair competitive practices, by promoting the fullest possible utilization of the present productive capacity of the industries, by avoiding undue restriction of production (except as may be temporarily required), by increasing the consumption of industrial and agricultural products through increasing purchasing power, by reducing and relieving unemployment, by improving standards of labor, and by otherwise rehabilitating industry.

(b) The Code as amended complies in all respects with the pertinent provisions of said Title of said Act, including without limitation Subsection (a) of Section 3, Subsection (a) of Section 7, and Subsection (b) of Section 10 thereof.

(c) The amendments and the Code as amended are not designed to and will not permit monopolies or monopolistic practices.

(d) The amendments and the Code as amended are not designed to and will not eliminate or oppress small enterprises and will not operate to discriminate against them.

(e) Those engaged in other steps of the economic process have not been deprived of the right to be heard prior to approval of said amendments.

For these reasons, we have approved these amendments.

Respectfully,

NATIONAL INDUSTRIAL RECOVERY BOARD,
By G. A. LYNCH, *Administrative Officer*.

OCTOBER 2, 1934.

AMENDMENT TO CODE OF FAIR COMPETITION FOR THE INDUSTRIAL SUPPLIES AND MACHINERY DIS- TRIBUTORS' TRADE

Amend Article V, by deleting the present Section 1 (b) and inserting a new Section 2, Section 3, Section 4 as follows:

SEC. 2. It being found necessary in order to support the administration of this Code and to maintain the standards of fair competition established hereunder and to effectuate the policy of the Act, the Code Authority is authorized:

(a) To incur such reasonable obligations as are necessary and proper for the foregoing purposes, and to meet such obligations out of funds which may be raised as hereinafter provided and which shall be held in trust for the purposes of the Code;

(b) To submit to the Administrator for his approval, subject to such notice and opportunity to be heard as he may deem necessary (1) an itemized budget of its estimated expenses for the foregoing purposes, and (2) an equitable basis upon which the funds necessary to support such budget shall be contributed by members of the Trade;

(c) After such budget and basis of contribution have been approved by the Administrator, to determine and obtain equitable contribution as above set forth by all members of the Trade, and to that end, if necessary, to institute legal proceedings therefor in its own name.

SEC. 3. Each member of the Trade shall pay his or its equitable contribution to the expenses of the maintenance of the Code Authority, determined as hereinabove provided, and subject to rules and regulations pertaining thereto issued by the Administrator. Only members of the Trade complying with the Code and contributing to the expenses of its administration as hereinabove provided, unless duly exempted from making such contributions, shall be entitled to participate in the selection of members of the Code Authority or to receive the benefits of any of its voluntary activities or to make use of any emblem or insignia of the National Recovery Administration.

SEC. 4. The Code Authority shall neither incur nor pay any obligation substantially in excess of the amount thereof as estimated in its approved budget, and shall in no event exceed the total amount contained in the approved budget, except upon approval of the Administrator; and no subsequent budget shall contain any deficiency item for expenditures in excess of prior budget estimates except those which the Administrator shall have so approved.

Amend Article V, Section 2, by deleting the figure "2" and substituting therefor the figure "5".

Amend Article VI by adding Sections 13 and 14 as follows:

SEC. 13. When a member of the Trade desires to dispose of obsolete, closeout, or discontinued items, and to offer such merchandise for sale at prices less than his customary prices, he shall file with

the Regional Committee in the area in which he is located, a statement showing the quantity, sizes, and complete description of the merchandise so offered for sale, and the reasons for such sale. On such sales, all invoices for merchandise so sold shall plainly display the following words, "Special Closeout Prices". Failure to observe this rule or increasing such stock during liquidation at the special prices is an unfair method of competition. Any distributor finding himself in this position shall first offer the surplus of merchandise to the manufacturer thereof, and failing to dispose of such merchandise by this method shall offer same to the members of the Trade in the regional group.

SEC. 14. The issuing of credit or making of cash settlement beyond the recoverable value of any goods accepted by any member of the Trade in exchange for or as part payment for any products of this Trade.

Approved Code No. 61—Amendment No. 1.
Registry No. 1399-1-16.



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